

BUDGET, FINANCE & INVESTMENT COMMITTEE

September 10, 2009

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay, Jr.
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chrm.

Others Present:

Ernest Burgess
Teb Batey
Lois Miller
Sumner Bouldin
Brian Robertson
Lynn Duke

Others Present:

David Jones
Mac Nolen
Jeff Sandvig
Steve Schraeder
Elaine Short

Chairman Ealy presided and called the meeting to order at 5:30 P.M. with Comm. Bullen being absent.

APPROVE MINUTES:

The minutes of the August 6, 2009 Budget Committee meeting were presented for approval.

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the minutes as presented. The motion passed unanimously by acclamation.

INVESTMENT REPORT:

Mr. Teb Batey, Trustee, presented the monthly Investment Report for the use and information of the committee advising that the LGIP interest rate for the month was .55%. He advised that there had been one investment transaction since the last meeting with the rates remaining fairly consistent. The bid that was received had an interest rate of 1.20% through the CDAR arrangement. Mr. Batey reminded the committee that CDAR's were approved last year, and were an investment tool whereby the Trustee's Office worked with a local bank that in turn spread the investment over many banks. He stated that this investment tool had helped out immensely over the past year, and that the CDAR's had worked like they should.

Following review, Comm. Jernigan moved, seconded by Comm. Sandlin to approve the Investment Report as presented. The motion passed unanimously by acclamation.

FUND CONDITION REPORT:

Finance Director Lisa Nolen presented the Fund Condition Report for the use and information of the committee advising that the Development Tax collections for the month totaled \$111,750. The year-to-date collections were \$224,250. This compared to the same period last year when the September, 2008 Development Tax collections were \$798,000, and the year-to-date collections were \$1,359,000.

The Finance Director reviewed the fund cash balances at the end of August totaling \$154,889,162 with operating funds being \$109,433,965 and borrowed funds being \$45,455,197. This compared to the same period last year when the total fund cash balances were \$123,415,153 with operating funds being \$106,346,125 and borrowed funds being \$17,069,028.

Mrs. Nolen advised that later in the meeting she would be requesting to transfer some of the money remaining in the Correctional Work Center/Juvenile Detention Center project to the Court Center project.

The Finance Director reviewed the current revenue advising that the revenue from Charges for Current Services in the General Fund was down considerably from last year from \$992,272 to \$39,258. This was due to the Ambulance Service being moved to another fund, and that \$800,298 of the Charges for Current Services related to the Ambulance fees being moved to the new fund.

Following review, Comm. Jordan moved, seconded by Comm. Peay to approve the Fund Condition Report as presented. The motion passed unanimously by acclamation.

INSURANCE REPORT:

Mrs. Lois Miller, Insurance Director, presented the monthly Insurance Report for the information and use of the committee advising that there had been two favorable months regarding the medical, dental, and vision plans. The employee per month costs at the CareHere Clinics reflected an increase, but when looking at all of the core benefits the costs were favorable. The increase in the CareHere costs was due to the billing cycle. The average cost per visit was \$94.01, and the average employee cost per month was \$37.71.

The GASB liability at the end of August was \$22 million.

The Work Injury Program also experienced two favorable months. The workers' compensation costs still reflect much higher than the On-the-Job Injury program, which is to be expected until later in the year. At the end of August the year-to-date claims cost was 56% of last year's costs.

Following review, Comm. Sandlin moved, seconded by Comm. Peay to approve the monthly Insurance Report as presented. The motion passed unanimously by acclamation.

MODIFY SUMMARY PLAN DOCUMENT REGARDING MENTAL HEALTH PARITY:

Mrs. Miller requested a description change in the health insurance Summary Plan Document due to the Mental Health Parity and Addiction Equity Act. Legislation was passed as part of the stimulus bill to prohibit employers' health plans from imposing any caps or limitations on mental health treatment or substance abuse benefits that are not applied to medical and surgical benefits. Therefore, the act requires similar benefits for mental health and substance abuse as those that are provided for medical. Requirements such as co-payments and deductibles and limitations such as visits or frequency of visits can be no more restrictive on mental health and substance abuse benefits than the requirements or limitations imposed on medical or surgical benefits.

Mrs. Miller advised that an actuary of the changes estimated a cost of \$95,000 or .25% of projected claims.

Comm. Shafer asked if the county was required to provide coverage for mental health and substance abuse.

Mrs. Miller advised that the county was not required by law to provide this coverage, but it was a very valuable benefit.

Following discussion, Comm. Sandlin moved, seconded by Comm. Jordan approving the modification to the health insurance Summary Plan Document description to comply with the Mental Health Parity and Addiction Equity Act requiring similar benefits for mental health and substance abuse as those provided for medical effective January 1, 2010. The motion passed by roll call vote with Commissioners Jernigan, Jordan, Peay, Sandlin and Ealy voting "yes"; and Commissioner Shafer voting "pass".

AMEND OPTION ONE OF THE 2010 HEALTH INSURANCE RATE STRUCTURE:

Mrs. Miller advised that the 2010 health insurance rate structure had previously been approved by the Budget Committee and the County Commission. After that there were negotiations between the Rutherford County Board of Education and the Rutherford Education Association. During those negotiations, an impasse developed regarding the 2010 health plan rate structure. They approved medical options two and three, but the changes on Option One were not accepted for the following reasons:

1. The rate steps were not the same for all tiers and that was viewed as unequal in favor of employees who have family coverage.

2. Because the REA members are only receiving their step increases and not any additional salary increase, their members would be negatively impacted financially.
3. Because the Board of Education was unable to lower the contribution level for the certified members, there was concern that the negotiations were not occurring in good faith.

In order to maintain the integrity of the health plan for all Rutherford County members, a consistent rate structure that was appropriate to the risk of the benefit option was maintained. A consistent rate structure could be defined as that which was cost neutral to the original plan approved by the Budget Committee.

An alternative rate structure was developed that was cost neutral to within one percent of the original approved investment. The new rate structure kept the rate steps consistent between Options one, two and three.

Initially the calculation for Option One called for a 21% employee contribution for tiers one, two, and three with a 17% employee contribution for tier four for both the General Fund and the Board of Education.

The adjusted rate for option one provides for a 19% employee contribution for all four tiers for both the General Fund and the Board of Education. Mrs. Miller advised that this would set all rates equal to the other plans, because Options two and three have the same contribution percentages for all four tiers. She stated that this would maintain the integrity of the plan and this was a good compromise.

Comm. Shafer commented on the statement that the REA members were only receiving their step increases and were not receiving any additional salary increase and that their members would be negatively impacted financially. He noted that for the record the rest of the county employees received no pay increases at all be it either step increases or cost-of-living increases. He stated that the REA members were better off than a lot.

Comm. Jordan stated that non-Board of Education employees, who elected employee plus family coverage and were not receiving a step increase or any other pay increase would be negatively impacted financially.

The Finance Director reminded the committee that this change was for Option One only, and that other options could be elected.

Following discussion, Comm. Jordan moved, seconded by Comm. Shafer to approve the recommendation of the Insurance Committee amending Option One of the 2010 Health Insurance Rate Structure allowing for an equal employee percentage contribution across all of the four tiers of 19%, which would be cost neutral to the plan. The motion passed unanimously by roll call vote.

APPROVE ESTABLISHING FLEXIBLE BENEFIT ACCOUNT AND BANK ACCOUNT:

Finance Director Lisa Nolen advised that when the county first approved the flexible spending account for unreimbursed medical and child care, a separate fund and bank account were established for the collection of employees' deductions and the payment of claims. When USABLE handled the flexible spending account, all deductions were sent to them and they paid the claims and therefore, the separate fund and bank account were not needed.

Mrs. Nolen advised that with the new administrator for unreimbursed medical claims and child care, it would be necessary again to establish a separate fund for the collection of employees' deductions and the payment of claims. She requested approval from the committee to make an advance of \$75,000 from the Employee Insurance Fund to the new Fund 268, Flexible Spending Account, and additionally to open a bank account at Regions Bank for the processing of claims. She also requested approval for the County Mayor and other appropriate officials of Rutherford

County to execute all necessary documents with AmeriFlex to initiate debits and/or credits from the bank account.

Following review, Comm. Peay moved, seconded by Comm. Jernigan to approve an advance of \$75,000 from the Employee Insurance Fund to establish a new fund, Fund 268, Flexible Spending Account, to account for the collection of employees' deductions; and additionally, to open a bank account at Regions Bank for the payment of unreimbursed medical and child care claims. Further, that the County Mayor and other appropriate officials of Rutherford County be authorized to execute an Agreement for debits and credits with AmeriFlex. The motion passed unanimously by roll call vote.

APPROVE AGREEMENT TO ISSUE TAX EXEMPT REVENUE BONDS BY AND BETWEEN THE HEALTH & EDUCATIONAL FACILITIES BOARD OF RUTHERFORD COUNTY AND SPRING VALLEY NONPROFIT TN, LLC NOT TO EXCEED \$7,500,000:

Chairman Ealy reminded the committee that at the last Budget Committee meeting on August 6 and at the County Commission meeting on August 13, a Resolution was adopted authorizing the issuance of tax exempt revenue bonds by and between the Health & Educational Facilities Board of Rutherford County and Murfreesboro Spring Valley, LP in an amount not to exceed \$7,500,000 for the purpose of financing the acquisition and rehabilitation of the Spring Valley Apartments consisting of approximately 176 units. She advised that it was being requested to approve a revised Resolution documenting the correct name of the owner as Spring Valley Nonprofit TN, LLC. The amount of the funding being requested was the same amount at \$7,500,000.

Comm. Sandlin moved, seconded by Comm. Jordan to approve a Resolution and forward the same to the County commission authorizing the issuance of tax exempt revenue bonds by and between the Health & Educational Facilities Board of Rutherford County and Spring Valley Nonprofit TN, LLC in an amount not to exceed \$7,500,000 for the purpose of financing the acquisition and rehabilitation of an existing approximately 176 unit multi-family housing facility known as Spring Valley Apartments located at or near 1400 Manor Drive, Murfreesboro, Tennessee. The motion passed unanimously by roll call vote.

APPROVE AT&T BUSINESS NETWORK SERVICE CONTRACT DOCUMENTS:

Mr. Brian Robertson, Information Technology Director, reminded the committee that last year, the County Commission approved a Winning Awards Program with AT&T for local telephone service, which provided a minimum annual revenue commitment to AT&T in order for the county to receive a discount on the service.

Mr. Robertson advised that he was requesting approval of a Business Network Service Contract with AT&T, which also included an Agreement with AT&T, Customer Expectation Document for AT&T Business Network, and Letter of Authorization for long distance service. Mr. Robertson advised that the amount that was spent for long distance service throughout all county departments was much smaller, and therefore, the savings would be smaller. He advised that the county only spent an average of \$475 per month for long distance service. He advised that the contract with AT&T would be a three-year commitment and would reduce the rate per minute resulting in an approximate savings of \$95.96 per month. The contracts provide for the county to commit to an annual expenditure of \$2,000. He stated that currently the county was paying approximately \$5,700 annually for long distance service, and that would be reduced to approximately \$4,500.

Following discussion, Comm. Jordan moved, seconded by Comm. Sandlin to approve the AT&T Business Network Service Pricing Schedule for long distance service and to authorize the County Mayor to execute an Agreement with AT&T, Customer Expectation Document for AT&T Business Network, and Letter of Authorization with the county committing to an annual expenditure for long distance service of \$2,000. The motion passed unanimously by roll call vote.

GENERAL FUND BUDGET AMENDMENTS**JUVENILE DETENTION CENTER:**

Mrs. Lynn Duke, Juvenile Detention Center Director, advised that the secretary had terminated employment with Rutherford County, and the position was filled with another county employee with 10 years of experience causing the pay step to be more – from a pay grade five, step two to a pay grade five, step five. Mrs. Duke requested approval of the following budget transfer to provide additional funding to the Secretary Account from the Overtime Pay Account:

From: 101-54240-187 – Overtime Pay -	\$1,425
To: 101-54240-161 – Secretary -	\$1,420
101-54240-209 – Disability Insurance -	5

Comm. Peay moved, seconded by Comm. Jernigan to approve the budget transfer as requested for the Juvenile Detention Center to provide additional funding for the replacement of a secretary position from a pay grade five, step two to a pay grade five, step five. The motion passed unanimously by roll call vote.

BUILDING CODES:

Mr. David Jones, Building Codes Director, explained that last year one of his employees transferred to the Planning Department and that ultimately the position in his department was eliminated. However, the workload was not reduced. He advised the position's workload was assigned to a permit officer. He advised that the permit officer had been performing the workload of a zoning inspector for the past 14 months but was still being paid from the Clerical Account as a permit officer. Mr. Jones requested approval of the following budget transfer to transfer the remaining 09-10 salary for the permit officer to the Deputy's Account and to reclassify the clerical position to a Zoning Inspector at a pay grade five, step one effective September 11, 2009 and thereby eliminating the clerical position:

From: 101-54510-162 – Clerical Personnel -	\$24,738
101-54510-191 – Board & Committee Fees -	45
To: 101-54510-106 – Deputies -	\$24,783

Comm. Peay moved, seconded by Comm. Jernigan to approve the budget transfer as requested for the Building Codes Department to reclassify a permit officer to a Zoning Inspector effective September 11, 2009. The motion passed unanimously by roll call vote.

AMBULANCE SERVICE FUND BUDGET AMENDMENT:

Chairman Ealy advised of a request for the approval of a budget amendment for the Ambulance Service Fund to recognize a \$6,000 donation from Middle Tennessee Medical Center and to appropriate the donation for a scholarship for an EMT to attend paramedic school:

Increase Revenue:	118-44570 – Contributions/Gifts -	\$6,000
Increase Expend.:	118-55130-524 – In-Service/Staff Development -	\$6,000

Comm. Sandlin moved, seconded by Comm. Shafer to approve the budget amendment for the Ambulance Service Fund to recognize a \$6,000 donation from Middle Tennessee Medical Center and to appropriate the donation for a scholarship for an EMT to attend paramedic school. The motion passed unanimously by roll call vote.

SOLID WASTE/SANITATION FUND BUDGET AMENDMENT:

Mr. Mac Nolen, Solid Waste Director, advised that during the 2009-10 budget process it was not anticipated that the recycling position would need a small amount of overtime. He requested

approval to transfer \$1,500 plus the related benefits from an unfilled position in the Convenience Center Department to Overtime Pay and the related benefits in the Recycling budget:

From:	116-55732-147 – Truck Drivers -	\$1,500
	116-55732-201 – Social Security -	95
	116-55732-204 – State Retirement -	195
	116-55732-212 – Employer Medicare -	25
To:	116-55739-187 – Overtime Pay -	\$1,500
	116-55739-201 – Social Security -	95
	116-55739-204 – State Retirement -	195
	116-55739-212 – Employer Medicare -	25

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the Solid Waste/Sanitation Fund budget amendment to transfer \$1,500 plus the related benefits from an unfilled position in the Convenience Center budget to the Recycling budget to provide overtime pay and the related benefits as requested. The motion passed unanimously by roll call vote.

GENERAL PURPOSE SCHOOL FUND AND CENTRAL CAFETERIA FUND BUDGET AMENDMENTS:

Mr. Jeff Sandvig requested approval of the following budget amendment to reallocate \$391,270 in budgeted eRate and Safe Schools revenue and \$41,316 in budgeted expenditures to the function objects that the state was using for 2009-10 reporting. No new funds were being budgeted:

Increase Revenue:	141-44146 – eRate Funding -	\$280,000
	141-46980 – Other State Grants -	111,270
Decrease Revenue:	141-44170 – Miscellaneous Refunds -	\$280,000
	141-46590 – Other State Ed Funds -	111,270
From:	141-71300-355 – Travel -	\$ 5,000
	141-72130-163 – Educational Assistants -	31,816
	141-72260-701 – Administration Equipment -	4,500
To:	141-72130-189 – Other Salaries/Wages -	\$ 31,816
	141-72230-355 – Travel -	5,000
	141-72260-790 – Other Equipment -	4,500

Mr. Sandvig requested approval of the following budget amendment to move \$6,831,995 in state ARRA (stimulus) funds to the new accounts the state has set up for these funds. The state is using part of its ARRA funds to fund the BEP and other programs that flow through the General Purpose School Fund budget. The amendment also increases both revenues and expenditures by \$88,885 which pays for the Star Student System costs that the state has been paying for since the school board began using the Stars system:

Increase Revenue:	141-46512 – BEP – ARRA -	\$6,523,500
	141-46595 – SSMS – ARRA (Star)-	88,885
	141-46615 – Extended Contract – ARRA -	308,495
Decrease Revenue:	141-46511 – Basic Education Program -	\$6,523,500
	141-46612 – Career Ladder Extended Cont.-	308,495
Increase Expend.:	141-72110-399 – Other Contracted Svc. -	\$ 88,885

Mr. Sandvig next requested approval of the following Central Cafeteria Fund budget amendment to record the \$15,000 ARRA revenue grant for cafeteria equipment that the system's cafeteria

fund received and the \$15,000 equipment expenditure. The grant was awarded to replace old fryers at Smyrna Middle School with a combi oven:

Increase Revenue:	143-47115 – USDA Equipment Grant – ARRA -	\$15,000
Increase Expend.:	143-73100-710 – Food Service Equipment -	\$15,000

Following discussion, Comm. Shafer moved, seconded by Comm. Sandlin to amend \$391,270 in budgeted 2009-10 revenues and \$41,316 in budgeted 2009-10 expenditures to the functions and object codes to be used by the state as presented; to amend \$6,831,995 in state ARRA (stimulus) funds to the ARRA revenue accounts and to amend \$88,885 in revenue and expenditures for the Star Student Management System as presented; and to amend \$15,000 in revenue to account 143-47115, USDA Food Service Equipment – ARRA and \$15,000 in expenditures to 143-73100-710, Food Service Equipment, as presented. The motion passed unanimously by roll call vote.

GENERAL CAPITAL PROJECTS FUND BUDGET AMENDMENT/DEVELOPMENT TAX FUND BUDGET AMENDMENT:

The Finance Director provided a copy of a letter from the County Attorney dated August 17, 2009 confirming the county's settlement with Mr. Liles for additional compensation of \$199,500 for property located on Maple Street to be used for the location of a future justice center.

Mrs. Nolen advised that currently there was \$58,494 in the Justice Center Project. She requested approval to transfer \$49,282 from the Juvenile Detention Center/Correctional Work Center Project. She also requested approval of the following Development Tax Fund budget amendment to provide the remaining \$94,600 needed to complete the settlement:

From:	Juvenile Detention/Correctional Work Center -	\$49,282
To:	Justice Center Project -	\$49,282

From Development Tax:	125-39000 – Undesignated Fund Balance -	\$94,600
To:	125-99100-590 – Transfers Out -	\$94,600

Mrs. Nolen advised that this would provide a total of \$202,376 for the settlement including some miscellaneous court costs.

Mayor Burgess advised that this would complete all condemnations including Halls Hill Pike.

Following discussion, Comm. Jernigan moved, seconded by Comm. Jordan to approve the General Capital Project transfer of \$49,282 from the Juvenile Detention Center/Correctional Work Center Project to the Justice Center Project and to also approve the Development Tax Fund budget amendment to provide a transfer of \$94,600 to the General Capital Projects Fund to complete the settlement of the Liles property located on Maple Street as requested. The motion passed unanimously by roll call vote.

OTHER BUSINESS

The Finance Director advised that Tab 10 of the Budget Committee notebooks included a copy of the 2009-10 budget for the use and information of the committee members.

Chairman Ealy advised that the regular October meeting of the Budget Committee was scheduled for October 8, which was the same week of Fall Break for the Rutherford County Schools. She advised that there were so many other conflicts that she had not made the decision to change the October meeting. Room 205 was available on Thursday, October 1, and she asked the committee if they wanted to reschedule the October meeting. The consensus of the committee was to leave the October meeting at the regularly scheduled time of October 8 at 5:30 P.M.

ADJOURNMENT:

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:34 P.M.

Elaine Short, Secretary